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EFFECT OF US SUPREME COURT'S AFFORDABLE CARE ACT RULING ON CONNECTICUT'S MEDICAID PROGRAM

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You asked if the recent U.S. Supreme Court interpretation of the federal Affordable Care Act ("ACA," PL 111-148, as amended by PL 111-11-152) will affect eligibility in Connecticut's Medicaid program. ([OLR Report 2010-R-0279](#) describes the act's major Medicaid-related provisions and predicts how the ACA will affect the state's Medicaid program).

SUMMARY

We think it unlikely that the Court's interpretation of the ACA will have any impact on the state's plans to expand its Medicaid program. The decision maintained the law's requirement that states expand their Medicaid programs to include low-income, childless adults by 2014 but eliminated the federal government's ability to penalize states that chose not to do so (*National Federation of Independent Business v. Sebelius*, 567 U.S. ____ (2012)).

Connecticut began to phase in coverage of LIA two years ago and nearly 80,000 adults are currently enrolled. And it has reaffirmed its commitment to the expansion in a proposed waiver application and brief filed in the Supreme Court case.

AFFORDABLE CARE ACT

Medicaid Expansion

The ACA is a far-reaching federal health care reform law intended to increase the number of Americans covered by health insurance and decrease the costs of care. Section 2001 of the act, one of its key provisions, requires states to expand their Medicaid programs by January 1, 2014 to cover low-income, childless adults (LIA) with incomes up to 133% of the federal poverty level (FPL or \$14,856 per year for a single person in 2012) plus an additional 5% income disregard.

It authorizes the U.S. Department of Health and Human Services secretary to withhold all existing federal matching Medicaid funding from states that do not comply with this requirement (42 U.S.C. § 1396c).

Federal Lawsuit

Twenty-six states and other interested parties filed federal lawsuits on the day the ACA became law. Among other things, they argued that the severity of the Medicaid expansion enforcement provision was unconstitutionally coercive. Ultimately, the U.S. Supreme Court agreed to take up the case. Connecticut and 12 other states filed friend-of-the-court (*amicus curiae*) briefs urging the Court to uphold the act in its entirety.

On June 28, 2012, a splintered Court announced its decision. It did not find the Medicaid expansion or enforcement provisions unconstitutional, but prohibited the HHS secretary from withholding all Medicaid funds from noncompliant states. Five justices (Roberts, Breyer, Kagan, Ginsburg, and Sotomayor) joined in this result, but did not agree on a rationale, thus making the Court's ruling extremely narrow (*National Federation of Independent Business v. Sebelius*, *supra*). Its interpretation of the ACA leaves the act's LIA expansion mandate intact, but prohibits the HHS secretary from penalizing states that fail to do so.

Potential Impact on Connecticut

Some governors, including those in Florida, Louisiana, South Carolina, and Wisconsin assert that the Court's ruling allows them to opt out of the Medicaid expansion requirement. They have announced that they are re-examining the fiscal impact such a decision would have on their budgets. Connecticut is unlikely to follow their lead, as it (1) was the first state to receive federal permission to begin phasing-in its

expansion and has been doing so since April 1, 2010 and (2) has officially voiced its support of the Medicaid expansion mandate, both in its waiver application and amicus brief.

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